Closure of fertilizer units in Orissa and Andhra Pradesh

409. SHRI SANTOSH KUMAR SAHU: Will the PRIME MINISTER be pleased to state :

(a) whether the Paradeep Phosphates Limited has been closed down;

(b) whether Government propose to remove the constraints and make available imported raw materials;

(c) what action has been taken to disinvest the equity of the company;

(d) whther certain M.P.s through a joint memorandum have urged Governmen to prevent closure of DAP fertilizer units in Orissa and Andhra Pradesh and have made certain suggestions to save these units; and

(e) if so, what is the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) M|s. Paradeep Phosphates Limited (PPL) have stopped production temporarily w.e.f. 1st April, 1993.

(b) There are no constraints in the import of raw materials as the phosphatic industry is free to contract imports of raw materials.

(c) There is already a proposal from Government of Nauru to disinvest their share of equity in Paradeep Phosphates Limited.

(d) Yes, Sir.

(e) In dealing with the problems being faced by the indigenous phosphatic industry, Government are keen to ensure supplies at affordable prices to farmers. Accordingly, the focus is to help industry to bring down their cost of production and become more competitive. Government has already abolished customs duty on import of phosphoric acid. Government has also announced a scheme of refund of customs duty paid on capital goods, as also a concession of 3 percent rate on term loans, provided the net interest rate after adjustment of this concession remains at a minimum of 12 percent. These concessions are available to all the fertilizer plants commissioned on or after 1-1-1991. It is also reported that the phosphatic industry has recently filed an application for initiating anti-dumping proceedings in respect of imported DAP.

Closing of diammonium phosphate units in the Country

410. DR. SANJAYA SINH : Will the PRIME MINISTER be pleased to state :

(a) whether Government are aware of the closing down of most of the units by the producers of diammonium phosphate in the country because of the dumping of element and other fertilizers by foreign suppliers at a much lesser price;

(b) whether Government have considered the long term damage to the Indian industry with the prolonged dumping of the fertilizer considering the present situation arising out of the import liberalisation; and

(c) if so, what strategy is contemplated by Government to have a proper balance between the interest of the consumers and the producers ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (c) Consequent on the decontrol of phosphetic fertilizers w.e.f. 25-8-1992 and also decanalisation of DAP imports, producers|suppliers are free to sell phosphatic fertilizers in the open market at prices to be determined by them, with no subsidy from the Government. Following this, prices of decontrolled fertilizers went up. Imported DAP is available at a considerably lower price compared to the cost of production of indigenous units. Faced with this situation, there are reports that various DAP units have suspended production. There are